

Introduced by Senator Steinberg

February 21, 2008

An act to amend Section 69981 of the Education Code, relating to postsecondary education, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 1457, as introduced, Steinberg. Golden State Scholarshare Trust Act: CalSAVE program.

The Golden State Scholarshare Trust Act establishes the Golden State Scholarshare Trust, under the administration of the Scholarshare Investment Board, to provide financial aid for postsecondary education costs of participating students. The act, except as otherwise provided, prohibits contributions to the trust by any nonpublic entity, person, firm, partnership, or corporation that is not designated for a specified beneficiary.

This bill would create the California Scholarshare Advancement Vehicle for Education (CalSAVE) program to fund individual scholarship accounts for beneficiaries to be determined by the board. The bill would create the CalSAVE account, a continuously appropriated fund, within the program fund and would authorize contributions from any person, firm, partnership, or corporation, to be deposited into the CalSAVE account even if not designated for a specified beneficiary.

Vote: majority. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 69981 of the Education Code is amended
2 to read:

1 69981. (a) There is hereby created an instrumentality of the
2 State of California to be known as the Golden State Scholarshare
3 College Savings Trust.

4 (b) The purposes, powers, and duties of the Scholarshare trust
5 are vested in, and shall be exercised by, the board.

6 (c) The board, in the capacity of trustee, shall have the power
7 and authority to do all of the following:

8 (1) Sue and be sued.

9 (2) Make and enter into contracts necessary for the
10 administration of the Scholarshare trust.

11 (3) Adopt a corporate seal and change and amend it from time
12 to time.

13 (4) Cause moneys in the program fund to be held and invested
14 and reinvested.

15 (5) Enter into agreements with any institution of higher
16 education or any federal or other state agency or other entity as
17 required for the effectuation of its rights and duties.

18 (6) Accept any grants, gifts, appropriation, and other moneys
19 from any unit of federal, state, or local government or any other
20 person, firm, partnership, or corporation for deposit to the
21 administrative fund or the program fund. Except as otherwise
22 provided in Section 69982, the board may not accept any
23 contribution by any nonpublic entity, person, firm, partnership, or
24 corporation that is not designated for a specified beneficiary, *unless*
25 *the contribution is deposited in the CalSAVE account pursuant to*
26 *subdivision (d).*

27 (7) Enter into participation agreements with participants, as set
28 forth in Section 69983.

29 (8) Make payments to institutions of higher education pursuant
30 to participation agreements on behalf of beneficiaries.

31 (9) Make refunds to participants upon the cancellation of
32 participation agreements pursuant to the provisions, limitations,
33 and restrictions set forth in this article.

34 (10) Appoint an executive director, who shall serve at the
35 pleasure of the board, and determine the duties of the executive
36 director and other staff as necessary and set their compensation.
37 The board may authorize the executive director to enter into
38 contracts on behalf of the board or conduct any business necessary
39 for the efficient operation of the board.

1 (11) Make provisions for the payment of costs of administration
2 and operation of the Scholarshare trust.

3 (12) Carry out the duties and obligations of the Scholarshare
4 trust pursuant to this article and have any and all other powers as
5 may be reasonably necessary for the effectuation of the purposes,
6 objectives, and provisions of this article.

7 *(d) (1) There is established within the Scholarshare trust the*
8 *California Scholarshare Advancement Vehicle for Education*
9 *(CalSAVE) program to fund individual scholarship accounts for*
10 *beneficiaries to be determined by the board that may include, but*
11 *are not limited to, foster youth, youth in at-risk categories,*
12 *individuals with demonstrated economic need, individuals seeking*
13 *postbaccalaureate courses in disciplines in which the state faces*
14 *shortages, including nursing and teaching, and other categories*
15 *to be determined by the board.*

16 *(2) The CalSAVE account is created within the program fund*
17 *and is continuously appropriated, without regard to fiscal years,*
18 *to the board for the purposes of the CalSAVE program. The*
19 *CalSAVE account shall be funded by contributions from federal,*
20 *state, or local governments, or any other person, firm, partnership,*
21 *or corporation, and, upon appropriation by the Legislature, from*
22 *the administrative fund.*

23 ~~(d)~~

24 *(e) The board shall adopt regulations as it deems necessary to*
25 *implement this article and Article 20 (commencing with Section*
26 *69995) consistent with the federal Internal Revenue Code and*
27 *regulations issued pursuant to that code to ensure that this program*
28 *meets all criteria for federal tax-deferral or tax-exempt benefits,*
29 *or both.*